HIPAA — Pharmacy - Eligibility, Authorization, Claims

TRICARE Management Activity, Electronic Business Policy & Standards

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

Pharmacy Overview

The HIPAA final rule for Transactions and Code Sets adopts the National Council for Prescription Drug Programs (NCPDP) Telecommunication Standard Version 5.1 and Batch Standard Version 1.0 (Version 1.1 will replace 1.0 in the near future) as the electronic standards for retail pharmacy claims for drugs and biologics, eligibility and authorizations. The Military Health System (MHS) and the TRICARE health plan must comply with these standards.

The DoD pharmacies consist of the Military Treatment Facility (MTF) pharmacies, the National Mail Order Pharmacy (NMOP) [soon to be the TRICARE Mail Order Program (TMOP)] and the Managed Care Support Contractor (MCSC) network of pharmacies. For the TRICARE health plan, the MCSC Pharmacy Benefit Managers (PBMs) check eligibility, perform authorizations and process pharmacy claims. Also the Pharmacy Data Transaction Service (PDTS) contains patient medication information and profiles for all DoD beneficiaries worldwide. This system has the unique capability to link patient information between pharmacies at the MTFs, the NMOP, soon the TMOP, and the MCSC network pharmacies.

MTF Pharmacies

The MTF pharmacies use the Composite Health Care System (CHCS) to send patient medication information to PDTS. This interface will be updated from NCPDP 3.2 to the HIPAA compliant version NCPDP 5.1 before October 16, 2003.

DoD is also working on a new business process that would enable the MTFs (thru WebMD) to submit electronic pharmacy claims to third party payers for those beneficiaries who have other health insurance with a pharmacy benefit. Once implemented, the claims will be submitted using the NCPDP 5.1 format.

TRICARE
Management Activity

PDTS

PDTS began accepting patient medication information in NCPDP 5.1 format on October 12, 2002. The system will also continue to support the NCPDP 3.2 format until October 16, 2003. The NMOP upgraded its interface with PDTS to NCPDP 5.1 on November 9, 2002. TMOP, projected to stand up on March 1, 2003, will use NCPDP 5.1 with PDTS. PDTS will send eligibility and authorization information to TMOP using NCPDP 5.1.

The MCSC PBMs will all upgrade their interfaces with PDTS to NCPDP 5.1 before October 16, 2003. The PBM for TriWest (Express Scripts) completed its upgrade December 5, 2002.

MCSC PBMs

In addition to the PDTS interface, the MCSC PBMs are all working to upgrade to the HIPAA standard NCPDP 5.1 between themselves and the MCSC network pharmacies. The PBMs will receive eligibility inquiries, authorization requests, and claims information in the NCPDP 5.1 format and will return eligibility responses and authorizations in NCPDP5.1 format. Claims payment and remittance advice will be made using the HIPAA standard X12 835 transaction. All PBMs will complete the upgrade before October 16, 2003. The upgrade will not provide eligibility to the MCSCs, which is still a function of PGBA/WPS. Once the retail carve-out is awarded, eligibility etc will be a function of PDTS. The TriWest PBM, Express Scripts, is now capable of using NCPDP 5.1 with the network providers.